

Statement of

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before the

Subcommittee on Energy and Power  
Committee on Commerce  
United States House of Representatives

The Honorable Dan Schaefer, Chairman

Richmond, Virginia  
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Mr. Chairman and members of the subcommittee, I am pleased to be here today to represent The American Association of School Administrators and school districts across the country who believe that deregulation of the electric utility industry will **allow** them to spend more money in the classroom and less on electricity.

I am the executive director of an educational service agency in West Virginia. Basically, educational service agencies, or **ESA's** as they are commonly called, provide services and take advantage of economies of scale for groups of school districts. My agency provides services and educational expertise to eight school districts in West Virginia.

As you know, electricity is the largest non-labor item in most school system budgets. In fact, utility costs are generally the second largest item in the average school budget. That is why school superintendents and education service agency directors like me are interested in **deregulation**—**electricity** is a significant expense for us-and we believe that there is real money to be saved.

In fiscal year 1996, the eight school districts I represent spent over \$3 million on electricity. Three million may not seem like much for eight districts, but if we could save just 15 percent as a result of deregulation, it would be nearly a half-million dollars we could spend on students instead of our electric bills. For small districts such as ours, that would mean enough money to buy 21 new computers for each of our 16 high schools and help give the students the technological skills they will need in the workplace. Or, a-half

million would be enough for us to hire at least 12 additional teachers. And, the examples I am offering you are from just one year's savings.

Fairfax County Public Schools in the northern part of Virginia spends about \$30 million each year on electricity, therefore a 15 percent savings would mean \$4 ½ million each year to spend in their classrooms rather than on electricity. Fairfax County is about to embark on an ambitious capital improvement plan to accommodate their increasing enrollment and aging buildings. I am sure that \$4 ½ million extra-each year-could be an important tool for solving these problems.

Here around Richmond, the Richmond and **Henrico** public schools spend more than \$5 million each year on electricity. A 15 percent savings would give these two school systems more than \$750,000 each year to spend on the students **from** this area rather than on electricity.

Mr. Chairman, I know that you are aware of this, but allow me to provide the subcommittee a little additional information. Nationwide, K-12 public schools spend about \$4.25 billion each year on electricity. A 15 percent savings as a result of deregulation would mean a nationwide annual savings of more than \$635 million, which local districts would be able to spend in their classrooms rather than on their electric bills.

There is some concern that under deregulation no one will want to sell power to schools because we have an unusual load factor-we use electricity at unusual times compared to

the normal electric load. I don't believe that this will be the case. Right now, with competition existing in only a few states, utilities and power marketers are already actively courting the business of schools. As I said earlier, school systems nationwide use more than \$4 billion in electricity **annually**, so don't think we **will** be overlooked.

But, Mr. Chairman without federal action most school systems **will** never be able to take advantage of the savings that deregulation offers. Right now, school districts can join together and pay for everything **from** pencils to personnel cooperatively to save money, but we can't do that with electricity.

My job-and the job of other ESA directors-is to provide efficiency and savings to the school districts I represent. But, we cannot achieve savings on electricity without your help. We should be spending money on kids and not on electricity.

Again, Mr. Chairman, it has been an honor and a pleasure to appear before your subcommittee. If I can be of further service, please do not hesitate to call on me.